



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE PLACE OF AGRICULTURE IN MODERN INDUSTRIAL SOCIETY. II

VIII. THE COURSE OF DEVELOPMENT IN THE UNITED STATES

In the face of all this illuminating foreign experience and experimentation the United States has pursued a course too haphazard to be dignified with the name "policy," unless perhaps we shall concede that the unconscious acquiescence of the public at large has followed the dictates of a conscious and astute neo-mercantilism on the part of commercial and manufacturing interests.

The mercantilist was kept well in check prior to the Civil War, though largely by the force of inward circumstance. We must not forget that it was nationalistic sentiment, forced into prominence by the unwillingness of European countries to enter into the free-trade relation which the young republic desired and by the disturbing influences of European wars and our own second conflict with England, which brought about our entrance upon a program of protective tariff-making. In working out this ideal of national self-sufficiency both high costs and great difficulties of transportation and the lack of open markets in Europe caused the directing of special measures toward the fostering of our own industries, agricultural as well as manufacturing.¹ The European

¹ "The embarrassments which have obstructed the progress of our external trade have led to serious reflections on the necessity of enlarging the sphere of our domestic commerce. . . . As to creating, in some instances, a new, and securing in all a more certain and steady demand for the surplus product of the soil, this is a principal means by which the establishment of manufactures contributes to an augmentation of the produce or revenue of the country, and has an immediate and direct relation to the prosperity of agriculture. It is evident that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to the steadiness or fluctuation, adequateness or inadequateness, of the markets on which he must depend for the vent of the surplus which may be produced by his labor; and that such surplus, in the ordinary course of things, will be greater or less in the same proportion. . . . The bulkiness of those commodities which are the chief productions of the soil necessarily imposes very heavy charges on their transportation to distant markets. These charges, in the cases in which the nations to whom our products are sent maintain a competition in the supply of their own

countries had not yet abandoned the effort to maintain home supplies of agricultural produce and, while such products of the southern states as could not be produced in the climate of Europe had a ready export demand, the farmers of the middle and northern states were constantly brought face to face with "restrictive regulations which in foreign markets abridge the vent of the increasing surplus of our agricultural produce."¹

While unquestionably industrial interests got the bit in their teeth during the decade preceding the Compromise Bill of 1833, even these most radical protection measures were supported by the farmers of the North and West, who found their interests served by the growth of manufacturing populations in the central and northeastern sections of the country. In exchange for any disadvantage they may have suffered in the way of higher prices of manufactured wares, they were able to extract from those industrial interests a much-needed support for the policies of cheap western lands and internal improvements which they regarded as the prime requirements for their prosperity.² As soon, however,

markets, principally fall upon us, and form material deductions from the primitive value of the articles furnished. The charges on manufactured supplies brought from Europe are greatly enhanced by the same circumstance of distance. These charges, again, in the cases in which our own industry maintains no competition in our own markets, also principally fall upon us and are an additional cause of extraordinary deduction from the primitive value of our own products, these being the materials of exchange for the foreign fabrics which we consume."—Hamilton, "Report on Manufactures," in Taussig, *State Papers and Speeches on the Tariff*, pp. 1, 22, 56.

¹ *Ibid.*, p. 1. It may be mentioned at this point that southern producers of cotton were protected against the competition of the West Indies and Brazil by a duty of three cents a pound in the tariff of 1789. Kentucky hemp got sixty cents per hundred-weight, and sugar one to three cents per pound. Wool protection began in 1824.

"The struggles of sections were centering about these three economic issues—tariff, public lands, and internal improvements. The interest of the different sections in these issues, in the order of their importance, was as follows: The Northwest—low-priced public lands, internal improvements, a high tariff; the Southwest—low-priced public lands, a low tariff, internal improvements; the seaboard South—a low tariff, no internal improvements at federal expense, high-priced public lands; the North Atlantic states—a high tariff, high-priced public lands, internal improvements. Under these conditions the North Atlantic states, the South, and the West, needed the assistance of another section to get what each wanted most—a high tariff, a low tariff, and freedom of the public domain, respectively."—Wellington, *The Political and Sectional Influence of the Public Lands, 1828-1842*, p. 9.

as developments in these directions, together with a better access to European markets, caused their interests to become identified with an untrammelled export trade, their junction with the southern planters, whose interests had always pointed in that direction, effected a great curtailment in protection to industries (whose infancy had by then been quite sufficiently prolonged).

In general it may be said that from the time of the loosening of British control until the time of our Civil War the position of agriculture in our economic society was determined largely by natural forces too strong to be in any considerable degree abrogated by political interference. A few special lines of effort such as wool-growing on the one hand or iron-making on the other had been manipulated to a certain extent. But our situation and resources were such as to make us inevitably a dominantly agricultural people with, however, an increasing home supply of simple and bulky manufactures in those lines for which raw materials were readily accessible, and a not inconsiderable commerce. It is doubtless true that, in the main at least, the growth of these industries represented not a subtraction of men and capital from a more profitable agricultural employment¹ but an additional inducement to the migration of population and capital from Europe to the benefit of American agriculture and the development of

¹ Cf. Clay's remarks during the tariff controversy in 1824: "Let us suppose that half a million of persons are now employed abroad in fabricating for our consumption those articles of which, by the operation of this bill, a supply is intended to be provided within ourselves. That half a million of persons are, in effect, subsisted by us; but their actual means of subsistence are drawn from foreign agriculture. If we could transport them to this country and incorporate them in the mass of our own population, there would instantly arise a demand for an amount of provisions equal to that which would be requisite for their subsistence throughout the whole year. That demand, in the article of flour alone, would not be less than the quantity of about 900,000 barrels, besides a proportionate quantity of beef and pork, and other articles of subsistence. But 900,000 barrels of flour exceeded the entire quantity exported last year, by nearly 150,000 barrels. What activity would not this give? What cheerfulness would it not communicate to our now dispirited farming interest? But if, instead of these five hundred thousand artisans emigrating from abroad, we give, by this bill, employment to an equal number of our own citizens now engaged in unprofitable agriculture, or idle from the want of business, the beneficial effect upon the productions of our farming labor would be nearly doubled."—*Annals of Congress*, 1823-24, 1972 (quoted in Bogart and Thompson, *Readings in the Economic History of the United States*, pp. 315-16).

an economic society whose relative proportions were fairly well balanced in view of surrounding circumstances.¹

From the Civil War forward this situation has been greatly altered. The fighting disciples of mercantilism and industrial imperialism have consolidated the easy gains of the war period and the hardly less easy victories which grew out of the subsequent demoralization of agriculture. The Homestead Act and free immigration, to be sure, inflated the *volume* of agriculture enormously but, after the subsidence of war prices, left it with constantly diminishing prosperity. The railroads, both in their control of rates and in their intermediary services in the disposal of public lands (to say nothing of stock subscriptions and contributions of right of way on the part of farmers), waxed great at the expense of the rural class. The manufacturer, protected by a most outrageous series of tariffs,² sold high in a market of poor

¹ Henry C. Carey, writing in 1852 under the significant title "The Harmony of Interests, Agricultural, Manufacturing, and Commercial," argues much after the manner of List in behalf of "the American system." "Adam Smith," he says, "was fully possessed of the fact that, if the farmer or planter would flourish, he must bring the consumer to his side; and that if the artisan would flourish, he must seek to locate himself in the place where the raw materials were grown, and aid the farmer by converting them into the forms fitting them for the use of men, and thus facilitating their transportation to distant lands. He saw well, that when men came thus together, there arose a general harmony of interests, each profiting his neighbor, and profiting by that neighbor's success, whereas the tendency of commercial centralization was toward poverty and discord, abroad and at home. The object of protection among ourselves is that of aiding the farmers in the effort to bring consumers to their sides, and thus carry into effect the system advocated by the great author of *The Wealth of Nations*, while aiding in the annihilation of a system that has ruined Ireland, India, Portugal, Turkey, and all other countries subject to it; and the object of the following chapters is that of showing why it is that protection is needed; how it operates in promoting the prosperity of, and harmony among, the various portions of society; and how certain it is that *the true, the profitable, and the only means of attaining perfect freedom of trade*, is to be found in that efficient protection which shall fully and completely carry out the doctrine of Dr. Smith, in bringing the loom and the anvil to take their natural places by the side of the plough and the harrow."—Preface, pp. iii-iv.

² "The plundered, unprotected, twenty-five million of geese-like farmers permit themselves to be plucked of almost every feather by a hundred thousand 'protected' monopolists. The fabricants live focalized in the cities and plot and scheme for the promotion of their selfish interests and bring their united lobby influence to bear on members of Congress, whereas the farmers live isolated and scattered, and can't or don't combine in defence of their interests. Hence, they are unprotected, unrepresented and unconscious of what keeps them poor. They are captivated by the specious cry of 'protection to American industry,' tho' they get none of it; and of the value of the 'protected' home markets to them, as if protected monopolists eat any more than other men."—Joseph Medill in the *Chicago Tribune* (quoted in Strange, *The Farmers' Tariff Manual*, p. 347).

country buyers the goods produced cheaply from low-priced raw materials and labor fed on cheap domestic produce. In the money markets the farmers were given scant service at the highest rate, until their industry showed marked signs of financial anemia.

At the opening of the twentieth century American agriculture stood in just the same subservient position to American industrialism that the colonies had occupied toward England a century and a quarter before. The inevitable revolution to which that situation must lead was in full progress when the European war broke upon us. The slow realignment of prices brought about by the cessation of geographical expansion and by the progress of cityward migration had brought results in the way of more adequate returns to farm enterprise. Nearly twenty-five years of agitation had brought reforms in the credit structure which put farming more nearly on an equality with other industries. A tortoise-paced development of rural education had paved the way for a tolerable labor efficiency in the technical phases of agriculture, and another generation may see equal progress in the direction of needful training for the economic organization of the industry.

IX. THE PRESENT POSTURE OF THE PROBLEM

After the disturbed and disturbing interlude of a four years' world-war we may well ask what is probable or desirable as the next step. Today we stand at the dawn of a new epoch—one whose fateful possibilities and fruitful opportunities challenge us to draw up a policy of economic adjustment which shall be based upon a frank and clear recognition of the issues involved and upon a sensible discernment of the results, which will flow from one or another course of action.

Let us recognize at the outset that the decade or so immediately preceding the war had greatly strengthened the position of agriculture, and that war prices have brought further prosperity. Yet I doubt that it could be shown that the horn of agriculture is today unduly exalted in the United States, and furthermore its prospects in the near future are to my mind by no means dazzling. The advantages incident to this country's peculiar situation—diplomatic, geographical, military, and financial—with reference

to the war are now swept away and our agriculture is soon to feel clearly the competition of other countries which, with the release of shipping and the return of their man power, will be in a position to work energetically and effectively for the supplying of both the European and other foreign markets in which we have sold. Unless the epidemic of bolshevism passes into a chronic stage over wide areas, we may expect that Europe, now that ancient habits of thrift are reinforced by the exigent appeal for meeting national deficits, may be counted upon to stimulate home sources of agricultural supply to their maximum contribution to the national subsistence. The expressed intentions of England, France, and Italy point toward the rehabilitation of agriculture, and in many cases even its expansion, as a most profitable line for the immediate direction of post-war activities. Presumably Holland, Denmark, and the other neutrals will strive (and this in a strategic location at the door of the greatest of markets) to maintain every possible bit of the advantages gained during the war period. As long as disorder reigns in Central and Eastern Europe its market for American goods is practically nil, and agriculture must be the industry which is least demoralized in the transition period, and whose output will be quickly expanded upon the return of settled government. Likewise our commercial invasion, present or prospective, of new foreign markets in countries industrially backward is bound to put in competition with us another source of supplies of farm products, whose extent is, to be sure, problematic but presumably quite large.

At the same time industry (to which, rather than to agriculture, went the nimble dollar of the war speculator and the mobile and newly recruited labor forces of the war period) under the aegis of government protection and private aid, fares forth well armed and provisioned against the industrially devastated or politically hampered rivals which had formerly hemmed it in. Our manufactures have expanded enormously under the stimulus of war. Our merchant marine has grown to astonishing proportions. (And shall we not say to immoderate pretensions?) Our financial institutions have in four years' time achieved as many decades of advancement. The partial desertion of South American and

oriental markets by European nations rouses the dream of a commercial and manufacturing future such as we had hardly dared imagine. Mercantilist forces are quite evidently looking forward to scoring heavily in the period which we are about to enter. Possessed of a definite program and effective organization for achieving it, they bid fair to claim the economic future of the United States for their own, little disturbed by the belated protests of less forehanded interests, which may find themselves thereby excluded from their proper place in our economic organization.

Financial and commercial interests are already looking forward to the after-war period as one of great industrial expansion in the "frontiers of the world." In naked simplicity this project is thus set forth by one of its proponents:

Pre-war preparations for industrial expansion were the logical outgrowth of conditions in the leading industrial nations. The United States, Japan, and Germany exemplified perhaps most completely the industrial development which characterized the latter years of the nineteenth century; and because of their relative industrial progress these countries naturally were looking increasingly for opportunities to expand, either through colonization or the enlargement of foreign trade and investments. And as a further consequence, toward the end of this period, it became necessary also for the surplus capital of other countries, which had contributed to this industrial growth, to seek opportunities in new areas.

This combination of events is a repetition of a familiar experience. *Once intensive industrial development is under way it often carries a nation past the point of best distribution of productive factors, with a consequent disturbance of the equilibrium of industrial forces. Not until the point of best adjustment is past are the industrial leaders brought to a realization of the need for readjustment. But always the remedy for relatively over-intensive development lies, not in contraction, but in expansion. Additional supplies of raw materials must be obtained and new markets for finished goods developed. . . .*

Because of the unusual pressure in recent years for outlets for surplus capital, many plans were formulated for the development of transportation in various parts of the world. Isolated as they may appear when viewed singly, they are more rightly understood when regarded as so many expressions of a widespread desire to share in the industrial progress which comes with the development of new countries—the precursors of another of the world's recurrent periods of notable industrial expansion.¹

¹ From a circular, *The Coming Industrial Expansion of the World*, issued by the Guaranty Trust Company of New York, November 18, 1918.

Here is plain and cogent matter. Who runs may read—and who reads may well ponder. The United States is exhorted to throw itself into the same program of imperialistic mercantilism which has shaped the destinies of Europe. An economic system which has become lopsided through overdevelopment (see italics above, which are the present writer's) on its industrial side is not to be allowed to regain its equilibrium by the restoration of its natural center of gravity, but is to be kept from falling by heightening the speed of its motion—like a motorcyclist on a saucer-track. We are urged to set deliberately upon that course whose eventual dangers have appalled even England, to whose situation such a policy is infinitely more suited than it is to ours. A course which, even mitigated as it was by considerations of military self-sufficiency, has been the largest single factor in plunging Germany down to ruin.

If America should now adopt the policy so vividly outlined in the quotation above and should follow the lure of ships and foreign markets and industrial greatness without stint or limit, the future adjustment of industries one to another in America must conform to that ideal, and all those interests which in any way run athwart that line of development must impose a self-denying ordinance upon themselves or be put by a strong hand back into their humble place of servitude. If our manufacturers and traders are to meet the competition of the world they must strip themselves of all hampering influences. As we have been adjured during the war to make every domestic sacrifice to the end that our expeditionary forces should feel no lightest drag upon their rush to victory, so now those who would fare forth to win American supremacy in the markets of the world demand that they shall not be checked either by the hesitancy of government or by the counterclaims of other interests. To further their great mission we should be glad to squander millions, even hundreds of millions, in the construction and maintenance of a merchant marine, we should abate our foolish zeal to regulate business organizations, lest we impair their ability to levy capital or to adopt whatever commercial practice may conduce to their success in the face of foreign competition. Neither the maintenance of

economic standards at home nor a living wage and decent treatment for sailors afloat must be allowed to handicap these knights of trade so unselfishly eager to set our flag over every commercial rampart of the world.' Least of all can they be hampered by aught that would keep the prices of food products

"The Government should learn that 'all great offices of state are occupied with commercial affairs' and that 'commerce is the greatest of all political interests.' Great Britain, France, Italy, and Japan have evidenced due appreciation of these axioms of statesmanship in their reconstruction programmes. The peace plans of England, carefully worked out by the Government in co-operation with the country's varied industries, include the lowering of the costs of production of its manufactures; the speeding up of labor; the cheapening of raw materials by buying in enormous quantities; nation-sized combinations; abolition of wasteful competition among manufacturers; the placing of Government funds at the disposal of producers who co-operate; the formation of big and influential associations of business men; the insurance of credits; the establishment of a commercial intelligence bureau of world-wide scope; the subsidizing of research bureaus for the benefit of manufacturers; the sanctioning of monopolies among the so-called 'key' products; the development of the inner arteries of the empire; the lowering of the costs of transportation, and the granting of preferential rates to British goods.

"France proposes to lower the costs of production through standardization and modern methods; to effect an improvement in the relations between capital and labor; to purchase raw materials, cultivate new markets, and ship finished products at common expense; to provide assistance to production; to reduce imports, and increase exports; to enact liberal legislation in abolishing administrative restrictions; to initiate vast public works such as road-building, railroad extensions, dredging rivers, deepening harbors, and building a merchant marine.

"Italy's after-war programme calls for a protective tariff; the establishment of credit arrangements for foreign business; for the liberation of new industries from taxation; for the construction of canals to convert Rome into a first-class port; for the abolition of taxation on certain essential industries, and on capital while it is producing; for consular agents to act as the 'economic eyes' of the nation; and for the co-operation between financial interests and industry.

"Japan is preparing to give Government subsidies; immunity from taxation to certain industries; guaranteed dividends to certain subsidized industries; Government co-operation with big business interests; large Government appropriations for the developing of essential industries; the services of trade commissions to make detailed investigations and reports; the services of a commercial intelligence system; and the Japanese Government will insist that trades build for the future.

"Unless we properly amend or repeal the Sherman and the Clayton Anti-trust laws, and the LaFollette Seamen's Act, we cannot hope to compete successfully in foreign trade. And we should awake to the fact that we have outgrown our home markets so that foreign trade on a large scale is absolutely essential for the continuance of our prosperity."—Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, in an address before the Trans-Mississippi Readjustment Congress, Omaha, February 19, 1919.

and raw materials above the lowest point to which they can by any means be hammered.

Those interests which have in the past prospered upon cheap food and raw materials from a depressed agriculture at home now hope to engineer an even greater boom upon the basis of new cheap sources of these goods in more primitive foreign lands, grandly oblivious to the effect which this lowering of prices would have upon American agriculture and upon the domestic-consumption market. Perhaps a Seamen's Act, an American Federation of Labor, and the presence of labor delegates at the Peace Conference will safeguard a moderate working day and a living wage for mechanics and mill hands and even put working standards under the protection of international guaranties. But there are no farmer delegates at the peace table to represent the interests of the American farmer¹ and to urge the adjustment of international economic relations in a manner which will take account of his proper claims when brought into competition with the European peasant and the Asiatic coolie. The foreign missionary of trade preaches still from the text of tariff protection sufficient in amount to equalize home costs with those abroad, but when the farmer suggests the applications of that engaging doctrine to this business, he is told to "go home and slop the hogs."²

The fact that farmers have voted the burdens of manufacturers' protective tariffs upon themselves year after year because pseudo-protection to farm products was set down in the act as a means of throwing "dust in the farmer's eyes"³ does not prove

¹ A subcommittee of the National Board of Farm Organization did indeed plan to visit Europe for the purpose of studying agricultural conditions there, as a guide to our own reconstruction efforts, but were forced to abandon the intention because of the refusal of passports. The fact that this action was based, according to the State Department's note, upon a recommendation of the Secretary of Agriculture has added not a little to the widespread distrust and dissatisfaction with which the farmers of the country view the present administration of the latter department.

² The farmer today seems, however, less inclined to obey this homely but forceful advice than he was in the past when given a like admonition. He persists in a curiosity, which in other business men is esteemed to be natural and laudable, to get definite information about his own costs of production and those of his competitors as a guide to the future organization of his business.

³ Taussig, *Tariff History of the United States*, p. 367, and *passim*.

that they will continue to wear a ring in the nose now that it becomes so glaringly evident that their products, unprotected or but slightly protected, are actually being hit by imports from abroad.¹ The January thaw in the corn pit, when values melted away under the influence of a (largely potential) movement of Argentine corn, started a flood of discussion in the Middle West which is very likely to sweep away some old political landmarks.

The writer has no desire to present an argument in favor of agricultural tariffs as such. He fears indeed that what has already been said in connection with European experience might too easily be construed as praise of such an economic policy. But we are confronted not by the pure theory of free trade but by the sordid practice of protection to a wide variety of particular interests. The best goal attainable at present would be reached if we should pass from tariff as a "local issue" and government aid as a personal privilege, to a condition where a truly national economy

¹ Many straws show that the wind blows from this direction. The National Live Stock Association, meeting in January, 1919, passed resolutions asking for "such embargoes and import duties as will permit our own products to meet the imported articles upon an equal basis, as computed by the cost of production."

The merchant-marine policy as well as the tariff outlook is being critically scrutinized. The National Wool Growers' Association asks editorially in its official organ what, if not agricultural products, this great new merchant fleet is to bring back from those non-industrial countries which are to be exploited by our manufacturers. And the rural *New Yorker*, commenting on the fact that Mr. Hurley seeks a poll of the opinion of "business, civic, industrial, and labor organizations" and seems to consider the farmer's views negligible, says: "If we have a merchant marine that is subsidized and freights made practically negligible on the ocean, while railroad freight rates are shoved up, what is to be the effect on the condition of farming? Will it help or injure us? What about butter and cheese from Australia and New Zealand, and what from other countries, such as eggs from China, etc.? It is not a question I care to discuss at this moment, for it has two sides, but the merchant marine as it seems to be planned now is largely for the advancement of business and labor and for getting foods cheaper. We ought to be thinking about it a little, and our leaders in agriculture should be heard on the subject as well as labor and business interests."

The essential point in all this is that numerous associations of farmers (and latest and most significant the federations of county farm bureaus) are putting themselves in a position to demand a hearing on these questions. It is useless to deprecate the movement as the creation of class consciousness. The pertinent questions are how sane and intelligent will their leadership show itself to be and whether the issue will be met by other interests frankly and fairly or by stupid and autocratic efforts at repression. Such a course would probably force it into blindly destructive

is established by a consistent policy. It is utopian to dream now of what List was fond of calling the "cosmopolite" economy. If manufacturing, commercial, shipping, and financial interests are to maintain their own advantages and secure yet new ones in the way of tariffs, bounties, public subventions, and private privileges, some patent, more of them disguised, then agriculture must secure countervailing aid and support or find itself in an artificially unfavorable position and steadily losing ground in the unequal struggle. Since we have already embarked upon such a policy of industrial protection; since, in view of the trend of foreign action, we are probably committed to such a course; since the outlook seems even to be for a strengthening of these politico-economic advantages for certain alert and unbashful interests,

struggles far worse than anything the Non-Partisan League has done or now contemplates. As for the character of leadership, it varies enormously, being generally honest but mostly not very able. Even those farmers who are ranked as the best educated know crops and soils and animal husbandry rather than political science or economics. Most of the associations, while reaching bravely forward toward the betterment of their group or class position, are extremely vague or divided as to the specific measures which would enable them to reach these goals. There is a marked tendency to praise and emulate what organized labor has done. One of the most striking features of the whole situation, however, is the marked feeling of divided interests which seem to be growing up between the farmer and the industrial worker. This became apparent when the Non-Partisan League attempted recently at Chicago to affect an affiliation with a radical wing of the labor party. It is further apparent in the two following quotations from prominent farm journals:

"Farm problems can only be solved by farmers themselves, banded together in organizations that are independent of all other interests. Any move to affiliate organized agriculture with organized labor or any other interest is full of peril."—*Prairie Farmer*, February 22, 1919.

"What farmers as a class most need to know is how to bargain better, how to buy cheaper and how to sell at higher prices, how to protect themselves in the eternal economic struggle with capital and labor; how to safeguard the agriculture of the United States in the international trade struggle which is coming after the war; how the farmer may live and at the same time maintain the fertility of the soil so that the generations which come after him can live as well or better than he did; how to build up a sound and satisfying rural civilization; how to deal with the financial, industrial and labor interests of the country in such a way that all will get even-handed justice. These are some of the things the farmer as a class wants to bring about. And the agricultural colleges are not helping him; in fact, they are hindering him. And the Department of Agriculture is worse, much worse, both in its sins of omission and commission, than the agricultural colleges."—*Wallace's Farmer*, September 27, 1918.

it behooves us to ponder carefully whether any impairment of the present position of agriculture in the commonwealth (or shall we say hegemony?) of callings in the United States would not be a serious misfortune.

Even though a League of Nations were to hold out such certain promise of peace as to remove forever the last vestige of a motive of military self-sufficiency, is there not still a sort of economic balance, faintly discernible but distinctly desirable, which might be denominated "industrial self-sufficiency"? Is it not in the end better to maintain agriculture in a state of prosperity than to allow it to decay, even force it into a decline, in the face of the certain need for its rehabilitation at no very distant time? The writer is frank to admit that as soon as internal peace can be secured in Eastern Europe and the great prairies of Russia and Siberia be thrown open to exploitation, as soon as South Africa and South America shall be awakened by this new order of world-industrialism, we of the United States shall in all probability be able to secure the chief of our staple foods and several of our textiles more cheaply abroad than at home. But it should be obvious that at this stage of the world's development such a reprieve from the hard facts of diminishing returns is bound to be brief. The advantages of building our economic structure upon that melting foundation are quite evidently less today than they were when England adopted her extreme policy of "ships and colonies and commerce." And today England is setting seriously about the restoration of her agriculture, which might quite possibly have been maintained throughout with more economical results in the long run.

We are such unconscionable pioneers, rushing off in quest of the pot of gold at the end of the rainbow and leaving the sober tasks of conserved and permanent systems of enterprise neglected. It is too late now to speculate upon what would have happened and what would have been the ultimate balance of gains and losses if mankind could have resisted the intoxication of power¹ which, since the Industrial Revolution got full swing, has been causing

¹ Due to the advent of power machines and locomotive appliances, enabling us, as they did, very easily to dig out the surface riches of every new land and very rapidly to carry off this loot.

us to lash industry to the maddest race of speculative and ill-balanced development, putting the car of progress in the ditch about once every twenty years—with several hair-raising skids between the grand smashes. But assuredly it is not too late to urge the lords of trade to avoid a rash determination to turn now to the virgin allurements of other countries for agricultural conquest, and away from our own broad-bosomed land, even though her youthful charms have become in some measure faded by use and the passage of time. We are fast coming to the day when such captious inconstancy will be no longer possible, and indeed the long-run wisdom of such a procedure is already under question.

Before we commit ourselves to action on the hypothesis that a highly specialized industrial career for the United States, with a greater incoming trade in farm products and a declining domestic agriculture, represents the most economic organization of human effort upon the totality of the world's resources, we must scrutinize the real issue with some care. Even should prices at the moment be cheaper abroad than at home, we should profit little if we organize our economic system so as to get supplies where costs, though now low, are increasing, whereas we might get them permanently provided from a source at which their prices, a modicum higher today, are nevertheless on a curve of diminishing costs. The products of extractive industry which are brought from new lands are bound to have their supply-and-demand ratio somewhat rapidly readjusted toward higher prices as these centers are brought upon the economic plane of the older lands. Contrariwise, a country like the United States, its *raub-bau* checked before its natural resources had been too seriously depleted, and its agricultural producers being in the main of a remarkably high type, if given any decent chance, can keep costs well in hand and even declining through a system of adequately capitalized scientific farming. But this incipient triumph of efficiency for our agriculture as a modern industry is not to be inaugurated amidst slaughtered prices, deprivation of the capital indispensable to an advancing science and machine technique, or a generally weak institutional position for agriculture. Who shall say that if the

hundreds of millions, the billions even, which would have to be spent to build and operate ships to go to the "frontiers of the world" and build railways to its uttermost bound were used to relieve the capital deficiency of our domestic agriculture, and likewise if this organizing skill were turned to the captaining of our rural enterprise, they would not produce as great results today and equip us better for tomorrow's needs?

The present moment proclaims its fitness as a time for stabilizing American agriculture under a broad and far-seeing policy upon a basis of permanent efficiency, scaled in accordance with the varied economic resources of our country. We should see to it that the tragic experiences of the abandoned farms of New England and other eastern states and those others of the eighty's and ninety's in the subhumid region beyond the Mississippi, shall not be repeated, nor the mournful company be increased by yet others near the margin of what has now become profitable use. Our national agricultural industry was just becoming re-established in a position fairly harmonious with other lines of economic endeavor when the clamor of a high cost of living threatened to loose upon it a flood of only half-reasoned efforts toward drastic price reduction. The public at large needs to learn that it has only recently emerged from a period of extraordinarily cheap farm products rather than to suppose that it is only temporarily and more or less improperly plunged into a readily remediable situation of high-priced food and textiles. However high one may set the possibilities of scientific efficiency in agriculture (and the writer is one to set the mark very high indeed) we must not forget that the principle of diminishing returns from land is from now on pulling heavily against us. Sighs for the "good old days" are wasted breath. We need education, capital, and organization, and to get them we must have a wise public policy, not penny-a-line misinformation.

Agriculture can rightly claim no vested interest in any special position in our economic system, but it should have full, timely, and competent presentation for its side of these public issues to which it is a party. It should be accorded as good treatment as the "most favored" industry. The public interest demands that

our future efforts shall not be turned in a particular direction simply because that course is the one by which to perpetuate the adventitious industrial profits of war time, or to make profitable carrying charges to the shipowner, or to enhance the returns of money changers; it demands that our judgment shall not be misled by the evanescent superprofits of exploitation, nor that, falling into the rut of a particular sort of extensive organization, we shall fail to see the economies possible from better-equipped and organized system, a more compact integration of economic life in its established centers. If, with an honest desire to put our efforts where they will effect the maximum of economic well-being for the whole people, we act only upon the basis of a searching and far-seeing examination of the facts, we shall be able to set forth a policy which will enable manufacturers to occupy the territory which they can hold permanently by the strength of true economic advantage, and maintain our agriculture on a basis of size and efficiency capable of adequately supporting this economic structure and of permitting its safe expansion as our technique of living improves.

X. CONCLUSION

In conclusion, it seems that the United States cannot avoid an open clash of interests such as every modern nation must meet when the process of its economic evolution carries it into the maturer stages of diversified industrial life. On the one hand stands an overweening mercantilism, on the other a churlish agrarianism; and between these extremes all shades of moderation, with a narrow zone of safety within which rival claims are reasonably harmonized. Only by honest admission of this inevitable conflict of interest can we develop the sound statesmanship by which such a wholesome adjustment can be brought about. Ostrich tactics of evasion are neither worthy nor safe. It is high time we faced the question as other countries have had to face it. We need to examine their experience with care and to study our own circumstances with penetrating and unprejudiced eyes.¹

¹ In this connection a caution may not be out of place. The economist's studies on the industrial side of our society have shown a need on the part of the investigator

Perhaps the greatest difficulty in the whole matter resides in an age-old tendency to view rural life merely as a means to industrial greatness rather than as itself a co-ordinate concern of social polity. This in itself is a large question and its consideration must be deferred to another time.

E. G. NOURSE

IOWA STATE COLLEGE

of acquainting himself with many technological details of modern manufacturing processes, and of analyzing carefully the psychology and environmental background of the various parties in the industrial organization. Likewise, those who attempt to bring the light of sound social science to bear upon the rural problem must be thoroughly conversant with the technique of modern farming, which has changed and is today changing with considerable rapidity, and also the personal equation not of "the farmer" but of the widely differentiated classes who make up our rural population.

The present paper does not aspire to present any solution of the present agricultural-industrial problem of the United States, but it does seek to set this problem in its proper perspective and would urge that those who assume the responsibility of dealing with this problem shall be not unmindful of the fact that economic theories can be sound only in proportion as they keep in touch with technological and psychological verities.